

MEDIA STATEMENT

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Abacus backs call for better credit reporting

An influential Parliamentary Committee has today called on the Federal Government to implement more comprehensive credit reporting.

Abacus – Australian Mutuals welcomes the House of Representatives Economics Committee recommendation today that “urges” the Government to reform credit reporting.

The Committee says a positive credit reporting model “has advantages for both the business and the consumer.”

Abacus CEO Louise Petschler said the capacity of lenders to assess credit risk and lend responsibly is becoming even more important as the economy enters a downturn.

“The House Economics Committee is supporting an expansion of the categories of personal information that can be included on credit files held by credit reporting agencies,” Petschler said.

“It is a case of the sooner the better for this reform,” Petschler said. “It’s not good enough for the Government to indicate that it may do something in this area in 2010.”

“Overall, the House Economics Committee report offers a welcome and timely set of recommendations,” Petschler said.

“Credit unions and mutual building societies have the lowest mortgage exit fees in the market so we welcome the recommendation to make such fees more transparent.

“Our proposed new Mutual Code of Practice has provisions consistent with the recommendation on unsolicited credit limit increases.

“We strongly back the recommendation that external dispute resolution should be compulsory for all credit providers.

“The Committee’s comment on competition between the big four banks underlines the critical competitive role of credit unions and building societies, particularly now that St George and BankWest have been taken over,” Petschler said.

The Committee says:

“While there is no doubt that the big four [banks] aggressively compete with the other players in the market...there is some uncertainty as to whether the big four are actively competing with each other.”

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